

POSTAL REGULATORY COMMISSION

**901 New York Avenue, NW
Suite 200
Washington, D.C. 20268-0001**

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 or 15(d) of
The Securities Exchange Act of 1934
and Section 3654 of
The Postal Accountability and Enhancement Act of 2006**

Date of Report (Date of earliest event reported): February 7, 2014

United States Postal Service

(Exact name of registrant as specified in its charter)

n/a
(State or other jurisdiction of incorporation
or organization)

n/a
(Commission File Number)

41-076000
(I.R.S. Employer Identification No.)

**475 L'Enfant Plaza, SW
Washington, D.C.**
(Address of principal executive offices)

20260
(Zip Code)

202-268-2000
(Registrant's telephone number, including area code)

n/a
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On February 7, 2014, the United States Postal Service announced financial results for the period ended on December 31, 2013. Attached hereto are a press release and certain supplemental information setting forth those financial results.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit 99.1 Press release issued on February 7, 2014 regarding financial results for the period ended on December 31, 2013.

Exhibit 99.2 Supplemental Information.

Signatures

Pursuant to the requirements of the Postal Accountability and Enhancement Act of 2006, the Postal Service has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

United States Postal Service
(Registrant)

By: 

(Signature)

Scott G. Davis

Acting Vice President, Controller

Date: February 7, 2014

Exhibit 99.1

(See attached)



POSTAL NEWS

FOR IMMEDIATE RELEASE
Feb. 7, 2014

Contact: Patricia Licata
patricia.licata@usps.gov
202.268.2783
usps.com/news



U.S. Postal Service Records Loss of \$354 Million in First Quarter, Underscoring Need for Comprehensive Legislation

- *Revenue Increases by \$334 Million, Driven by 14.1 Percent Growth in Shipping and Package Services; First-Class Mail Continues to Decline*
- *Operating Costs decreased by \$574 Million*
- *Liabilities of \$63 Billion Exceed Assets by Approximately \$40 Billion*

WASHINGTON — The U.S. Postal Service ended the first quarter of its 2014 fiscal year (Oct. 1, 2013 – Dec. 31, 2013) with a net loss of \$354 million. This marks the 19th of the last 21 quarters that it has sustained a loss. Though the Postal Service has been able to grow revenue by capitalizing on opportunities in Shipping and Package Services and has aggressively reduced operating costs, losses continue to mount due to the persistent decline of higher-margin First-Class Mail, stifling legal mandates, and its inflexible business and governance models.

"The Postal Service is doing its part within the bounds of law to right size the organization, and I am very proud of the achievements we have made to reduce costs while significantly growing our package business," said Postmaster General and CEO Patrick Donahoe. "We cannot return the organization to long-term financial stability without passage of comprehensive postal reform legislation. We appreciate the efforts of the House and Senate oversight committees to make this happen as soon as possible."

Without legislative change, the Postal Service will be forced to default on another required \$5.7 billion retiree health benefits prefunding payment due by Sept. 30, 2014, because it will have insufficient cash and no ability to borrow additional funds at that date.

The Postal Service will continue to have a low level of liquidity through October 2014. In the event that circumstances leave the Postal Service with insufficient cash, the Postal Service would be required to implement contingency plans to ensure that all mail deliveries continue. These measures could require the Postal Service to prioritize payments to its employees and suppliers ahead of some payments to the federal government, as has been done in the past.

Citing that the Postal Service could not wait for legislation indefinitely, the Postal Service's Board of Governors directed management in 2013 to accelerate alignment of its operations to further reduce costs and strengthen its finances. The Postal Service leveraged employee attrition and increased use of non-career employees — as provided by new labor agreements — which allowed for better alignment of staffing and workload levels, resulting in reduced labor costs.

"We grew revenue by over \$300 million through aggressive marketing and improving service, and we reduced operating costs by \$574 million in Quarter 1, partially due to the separation of approximately 22,800 employees in 2013 under a Voluntary Early Retirement program and improved efficiency in our workforce," said Chief Financial Officer and Executive Vice President Joseph Corbett.

First Quarter Results of Operations Compared to Same Period Last Year

- Total mail volume of 42.0 billion pieces compared to 43.5 billion pieces
 - First-Class Mail volume declined 4.6 percent.
 - Standard Mail volume declined by 2.8 percent.
 - Shipping and Package volume increased 10.3 percent.
- Operating revenue of \$18.0 billion, an increase of \$334 million or 1.9 percent
- Operating expenses of \$18.3 billion compared to \$18.9 billion, a decrease of 3.0 percent

Revenue from First-Class Mail, the Postal Service's most profitable service category, decreased \$209 million, or 2.8 percent from the same period last year, with a volume decrease of 817 million pieces, or 4.6 percent. The most significant factors contributing to this decline were the ongoing trends in the mailing behavior of consumers and businesses emanating from the recent recession, and the continuing migration toward electronic communication and transactional alternatives.

The Postal Service's shipping business continues to show solid growth. Shipping and Package revenue increased \$479 million or 14.1 percent over 2013 first quarter results, fueled by the growth of online shopping, Sunday deliveries in limited U.S. markets and the ongoing success of Postal Service campaigns to promote the value of Postal Service shipping services. The Postal Service continues to capitalize on its competitive advantage in providing "last mile" service, resulting in a 34.3 percent increase in revenue from Parcel Return and Parcel Select Service over the same period last year.

Complete financial results are available in the Form 10-Q, available at <http://about.usps.com/who-we-are/financials/welcome.htm>

Financial Briefing Today

Postmaster General & CEO Patrick R. Donahoe and Chief Financial Officer and Executive Vice President Joseph Corbett will host a telephone/web conference call at 11 a.m. ET today (Feb. 7) to discuss the financial results. The call is open to the news media and all other interested parties.

How to Participate:

Important Notice: To ensure your computer is set up to join the event, click on the link www.webex.com/lp/jointest/

Attendee Direct URL: <https://usps.webex.com/usps/onstage/g.php?t=a&d=998584009>

If you cannot join using the direct link above, please use the alternate login below:

Alternate URL: <https://usps.webex.com>

Event Number: 998 584 009

To join by phone only, dial (855) 293-5496 and enter conference ID: 43116392.

The briefing will also be available on live audio webcast (listen only) at:

<http://about.usps.com/news/electronic-press-kits/cfo/welcome.htm>.

The Postal Service receives no tax dollars for operating expenses and relies on the sale of postage, products and services to fund its operations.

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A self-supporting government enterprise, the U.S. Postal Service is the only delivery service that reaches every address in the nation: 152 million residences, businesses and Post Office Boxes. The Postal Service receives no tax dollars for operating expenses and relies on the sale of postage, products and services to fund its operations. With more than 31,000 retail locations and the most frequently visited website in the federal government, usps.com, the Postal Service has annual revenue of more than \$67 billion and delivers nearly 40 percent of the world's mail. If it

were a private-sector company, the U.S. Postal Service would rank 42nd in the 2012 Fortune 500. The Postal Service has been named the Most Trusted Government Agency for seven years and the fifth Most Trusted Business in the nation by the Ponemon Institute.

Follow us on twitter.com/USPS and like us at facebook.com/USPS.

Exhibit 99.2

(See attached)

Financial Results

Quarter 1 of Fiscal Year 2014

February 7, 2014

- **Liabilities exceed assets by approx. \$40 billion**
- **The USPS has only 36 cents of assets to cover each dollar of its liabilities**

ASSETS		LIABILITIES	
Unrestricted Cash	\$ 3.8B	Retiree Health Benefits	\$18.1B
Buildings & Equipment, net of depreciation	\$17.2B	Workers' Compensation	\$15.9B
Other Assets	\$ 1.8B	Debt	\$15.0B
		Accrued Compensation, benefits, and leave	\$ 4.9B
		Deferred Revenue	\$ 3.8B
		Other	\$ 5.3B
Total Assets	\$22.8B	Total Liabilities	\$63.0B

- Under multi-employer accounting rules, there are approximately \$50B in obligations not shown on the balance sheet.
 - Significant profits over years and legislation are needed to recover.

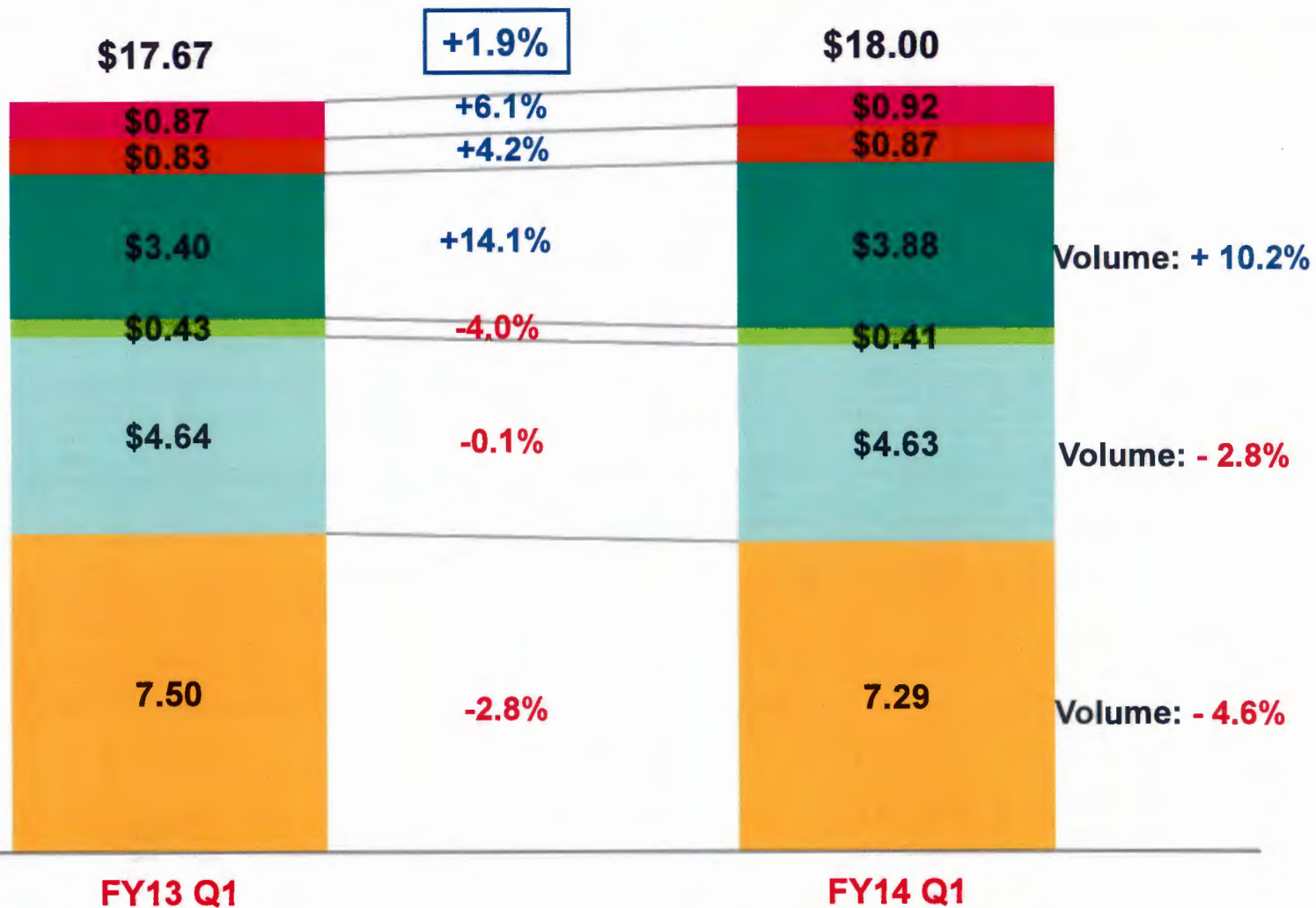
Quarter 1 YTD - 3 months (Billions)	FY 2014	FY 2013
Revenue	\$18.0	\$17.6
Expenses*	17.3	17.4
Separation Costs	<u>-</u>	<u>0.1</u>
Operating Income (Loss)*	0.7	0.1
Retiree Health Benefits Pre-Funding	(1.4)	(1.4)
Workers' Comp. Fair Value Adj.	0.5	0.2
Workers' Comp. Other Non-Cash Adj.	<u>(0.2)</u>	<u>(0.2)</u>
Net Income (Loss)	<u>(\$0.4)</u>	<u>(\$1.3)</u>
Liquidity Days (of oper. cash)	14	10
Volume (Pieces)	42.0	43.5

* Before RHB pre-funding and non-cash adjustments to workers' compensation liabilities.

• Retail and Delivery days were equal to FY2013.

Total Revenue FY2013 Q1 vs. FY2014 Q1

\$ Millions



■ First-Class

■ Standard

■ Periodicals

■ Ship Svcs & Pkgs

■ International

■ Other

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Quarter 1 YTD - 3 months	FY	FY
(Billions)	2014	2013
Compensation	\$ 9.3	\$ 9.5
Benefits	3.8	3.9
Transportation	1.8	1.8
Depreciation	0.5	0.5
Supplies & Services	0.6	0.5
Rent, Utilities & Other	1.3	1.2
Operating Expenses *	\$ 17.3	\$ 17.4
Workhours (millions)	287	288

* Excludes RHB pre-funding, non-cash adjustments to workers' compensation liabilities, and separation incentive costs.

• Delivery days were equal to FY2013.

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Questions ?

**Please Press *1 On Your
Telephone Keypad**